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OnFocus gets \$3M venture funding **Software company says state program will help it expand**

By Bonna Johnson • THE TENNESSEAN • April 16, 2010

Brentwood-based onFocus Healthcare Inc. has become the first Middle Tennessee business to get investment funding from a newly created state venture capital program, its investors said.

Two TNInvestco firms, Limestone Fund LLC and Tri-Star Technology Fund LLC, are participating with Nashville Capital Network and other venture capital firms to infuse a combined \$3 million into onFocus Healthcare.

Limestone and Tri-Star Technology were among six venture capital firms selected last year by state officials to participate in the \$120 million TNInvestco program with the goal of creating jobs by putting funds into startup or early-stage companies.

Executives involved did not say how much the TNInvestco firms contributed to the onFocus package.

"This investment will allow us to accelerate our growth strategy and secure our position as the market leader in the rapidly expanding health-care performance management software market," said Steven Mason Jr., onFocus co-founder, president and CEO.

The company was established in 2008, growing out of a consulting firm called Management 21, Mason said. OnFocus has 20 employees and had been profitable until its most recent staff expansion. "We plan to be profitable by year's end," Mason said.

This is the second round of financing after an initial \$1.5 million investment into the growth-stage company, he said.

"The TNInvestco program is extremely beneficial for entrepreneurial companies like ours," Mason said. "You're combining actual investment capital and the fact that you've got experienced entrepreneurial financiers who add value beyond capital."

Tri-Star Technology was founded by Dr. Harry Jacobson, Vanderbilt University's former vice chancellor for health affairs, and Limestone is headed by former Asurion executive Byron Smith. In addition lead investor Clayton Associates has business executive Clayton McWhorter as chairman.

"From our standpoint, the company has met its plan and needed some continued growth capital," said Sid Chambless, executive director of the Nashville Capital Network.

"To see leading health-care investors like Clayton Associates ... all participating, we felt it was a great validation for onFocus," Chambless said. OnFocus represents the 20th company that the Nashville Capital Network has funded since launching in 2003.

OnFocus will use the financing to support ongoing sales and marketing of its Enterprise Performance Management software, which is used by executive teams in hospitals and other health-care settings.

Forty hospital systems, including Nashville-based hospital chain Vanguard Health Systems, use onFocus software, Mason said. An additional 100 hospitals are slated to come aboard this year, he said, including Brentwood-based LifePoint Hospitals.